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(21)

17 July 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Discussion with Mr. Harold S. Geneen, Chairman
and President of ITT, Concerning Financial Support
to Chile Election

1. At 2330 hours on 16 July the writer met with Mr. Geneen at Suite 400, Sheraton-Carlton Hotel. This meeting was predicated on a telephone call from Mr. John McCone to the DCI.

2. In opening the discussion Mr. Geneen related the following. In 1964 ITT and representatives of other U.S. business desired to financially invest heavily in the Chilean election to ensure the election of Eduardo Frei. The businessmen desired to furnish the funds to the Agency and wanted to help the Agency implement an operation in Chile. They approached Mr. McCone, then DCI, who took the offer under advisement and subsequently advised that funds were not necessary.

[REDACTED]

3. ITT now has reached the decision that Alessandri needs financial support.

[REDACTED]

Mr. Geneen did not specify any amount but throughout the discussion

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all references indicated he was considering a substantial sum. He stated that before he contacts other donors, he desired to have established a funding channel. He discussed this with Mr. McCone who suggested the contact with CIA and this is when he advised he had built a mechanism for infusion of funds into Chile for election programs.

4. Mr. Geneen stated his question was twofold:

a. Would CIA absorb the funds and channel them to Alessandri?

b. If the answer to "a" was negative, would the Agency advise as to the best means of getting the funds to Alessandri?

Mr. Geneen presented himself and his cohorts as particularly ignorant in this regard and Geneen pressed hard for Agency participation, i.e., "a" above. As typical of his problem, Geneen stated one [REDACTED] had solicited funds. [REDACTED] was unknown to him and he was leery of him. [REDACTED]

5. The writer advised that we could not absorb the funds and serve as a funding channel. Mr. Geneen stated he felt the U.S. Government should be involved. He was advised by the writer that the U.S. Government was not supporting any candidate but was most anxious that Allende not be elected and were taking steps in this regard. Mr. Geneen expressed doubt that this type of operation (spoiling) was very often successful. Throughout the hour Mr. Geneen returned several times to U.S. Government, especially Agency, direct involvement. Finally, as we parted,

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he questioned whether the fact that the \$75 million investment guaranty by the U.S. Government to investors in Chile that might have to be paid if Allende took office was not reason enough to bring the Agency into the picture. He stated he planned to raise this with Mr. McCone.

6. In regard to [REDACTED] the writer told Mr. Geneen most probably this was [REDACTED]

[REDACTED] and, in the writer's opinion, was an honest and acceptable channel, i.e., if the money was given, it would get to Alessandri. Geneen did not discard [REDACTED] but questioned his value as money would flow to Alessandri but there would be no way to know how it was spent nor would the donor have any impact on Alessandri's campaign which he understood was not being well handled.

7. [REDACTED]

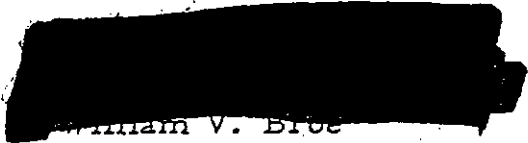
8. Geneen stated that the only man the writer should deal with on this matter, except himself, was [REDACTED]. [REDACTED] further stated, emphatically, he did not want Ambassador Korry to know about this funding proposal. He raised the question whether Korry really wants any action on the election.

8. There was considerable discussion as to how the election might work out. The writer gave a prognosis as of now concerning the election and stressed the value and validity of the infusion of

funds. The writer also pointed out there were good indications at the present time that, since June and after the disastrous television appearance, Alessandri's campaign had improved immeasurably. The writer also pointed out that the recent attempt at the general strike had seemed to have redounded to the favor of Alessandri rather than to the government or Allende.

9. The writer volunteered to explore all possibilities for the infusion of funds into Chile, including a discussion with the Chief of Station, Santiago, so that he could advise Geneen on the best possible method he could use if he desired to channel funds to Alessandri.

10. Mr. Geneen advised he would be in Europe the week of 20 July and would return 26 July. It was arranged that the writer would be in touch with him on 27 July.


William V. Blue
Chief
Western Hemisphere Division

